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NEWS RELEASE

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Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced today the guilty pleas of two employees of a prostitution business operating between Central Virginia, South Carolina, and Michigan. Rita McDonald, age 33, of Myrtle Beach, South Carolina, and O'Neal Johnson, age 64, of Southside Beach, South Carolina, pled guilty to conspiracy to use facilities of interstate commerce in the aid of racketeering. Each faces a maximum sentence of five years imprisonment and a fine of up to \$250,000 when they are sentenced by District Court Judge Robert E. Payne on October 14, 2005.

McDonald and O'Neal were telephone operators at the Surfside Beach, South Carolina, call center of Exclusively Yours Escorts ("EYE"). They also assisted in the management and operation of the business. EYE operated a prostitution business, disguised as an escort service, from 1994 until the Fall of 2004, employing a total of approximately 75 women as prostitutes. EYE set up a toll free billing account for itself, disguised under the name R&J Group. Customers would call the toll free number and speak to operators in Surfside Beach, South Carolina. The operators arranged for the customers to meet prostitutes for sexual encounters in hotels and motels located, among other places, along the Broad Street corridor and Western Henrico County in Central Virginia. From about April 1999 until July 2003, the managers of EYE deposited approximately \$1.6 million in proceeds into the EYE operating account.

Also announcing the pleas are Wade Kizer, Commonwealth's Attorney for the County of Henrico; Col. Henry Stanley, Chief of Police for the County of Henrico; and Charles R. Pine, Special Agent-in-Charge, Internal Revenue Service, Criminal Investigation Division, Alexandria Field Office.

The case is being investigated by agents of the Internal Revenue Service and the Henrico County Police Department. Assistant United States Attorney David T. Maguire and Special Assistant United States Attorney and Assistant Commonwealth's Attorney Peter L. Baruch are prosecuting the case.

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